

Congress Responds to the Hurricanes of 2005

Updated: November 4, 2005

Note: This running document is purely factual and is not intended to endorse any particular legislation. This document will track House-passed legislation and note when it is signed into law.

New updates made since the last version of this document are indicated below in **red bold**.

- **Supplemental Appropriations—First Installment.** The President signed into law a \$10.5 billion supplemental appropriations bill for fiscal year 2005 for hurricane disaster relief. Major funding areas are:
 - \$10.0 billion for the Department of Homeland Security's Emergency Preparedness and Response—Disaster Relief account (under which FEMA operates); and
 - \$500.0 million for the Department of Defense's Operation & Maintenance account.

(H.R. 3645, Public Law 109-61)

- **Supplemental Appropriations—Second Installment.** The President signed into law a \$51.8 billion supplemental appropriations bill for fiscal year 2005 for hurricane disaster relief. Major funding areas are:
 - \$50.0 billion for the Department of Homeland Security's Emergency Preparedness and Response—Disaster Relief account (under which FEMA operates);
 - \$400.0 million for the Army Corps of Engineers; and
 - \$1.4 billion for the Department of Defense's Operation & Maintenance account.

(H.R. 3673, Public Law 109-62)

- **Pell Grant Repayment Relief.** The President signed into law a bill allowing the Secretary of Education to waive repayments of Pell Grants (normally required when students stop attending school), if students are attending a school affected by a major disaster.

(H.R. 3169, Public Law 109-66)

- **Other Education Grant Repayment Relief.** The President signed into law a bill allowing the Secretary of Education to waive the repayment of federal education grant assistance to students whose attendance was interrupted because of the impact of the disaster on the student or the institution.

(H.R. 3668, Public Law 109-67)

- **Increased Flood Insurance Borrowing.** The President signed into law a bill increasing by \$2 billion (from \$1.5 billion to \$3.5 billion), the amount FEMA may, with the President's approval, borrow to carry out the national flood insurance program.

(H.R. 3669, Public Law 109-65)

- **Federal Judiciary Emergency Special Sessions.** The President signed into law a bill allowing U.S. Courts of Appeals to conduct proceedings outside their normal territorial jurisdictions.

(H.R. 3650, Public Law 109-63)

- **Easing of Welfare Regulations.** The President signed into law a bill that:
- authorizes the Secretary of HHS to pay out the TANF (welfare) block grant funds to the states for the first quarter of fiscal year 2006 “as soon as practicable” (they would normally go out on October 1st);
 - gives a one-year 20% increase in TANF funds to Louisiana, Mississippi, and Alabama;
 - makes available up to \$2 billion to allow all states to access the current TANF contingency fund to reimburse them for actual costs of providing emergency cash assistance to evacuees;
 - waives the current spending restrictions on unspent, prior-year TANF funds;
 - waives TANF work requirements and time limits, through the end of FY2006, “to meet a subsistence need of a family resulting from Hurricane Katrina;” and
 - waives penalties on states for failing to comply with certain TANF requirements, if such failure resulted directly from the hurricane or was due to a state’s focusing on hurricane victims’ needs.

(H.R. 3672, Public Law 109-68)

- **Volunteer Liability Protection.** The House passed a bill providing injury liability protection, including personal injury, property damage or loss, and death, for any person or entity, that in response to Hurricane Katrina, “voluntarily, in good faith, and without a preexisting duty or expectation of compensation, renders aid (including medical treatment and rescue assistance) to any individual.”

(H.R. 3736)

- **Individual Tax Relief and Encouraging Private Contributions.** The President signed into law a bill that:
- Allows individuals who lived in the disaster area as of August 28, 2005, the option of using their 2004 income to calculate the child credit and the Earned Income Credit on their 2005 tax returns.
 - Grants the U.S. Treasury Department the authority to ensure that taxpayers do not lose dependency exemptions or child credits for 2005 or 2006 due to temporary relocations.
 - Ensures that individuals affected by the hurricane are not taxed on personal debt relief, such as the cancellation of a mortgage, provided before 2007.
 - Creates a special, one-year tax deduction for individuals who provide rent-free housing to dislocated persons for at least 60 days: \$500 for each dislocated person housed in the individual’s principal residence (up to a maximum of \$2,000).
 - Waives the 10% and \$100 floors for personal casualty losses (under current law, individuals who itemize their deductions may deduct personal casualty losses to the extent they exceed 10% of adjusted gross income and a \$100 floor.).
 - Waives the 10% tax on up to \$100,000 of early withdrawals from IRAs and pensions for individuals affected by the hurricane. Distributed amounts could be repaid to the IRA or pension plan over the three-year period following the distribution and receive rollover treatment.
 - Increases the limit on loans from pension plans from \$50,000 to \$100,000.
 - Extends from one to two years the Work Opportunity Tax Credit (WOTC) for employers who hire individuals who lived in the disaster area prior to the hurricane. The credit equals 40% of the first \$6,000 of wages paid to the employee each year. Employers located in an area that is eligible for such assistance could claim the WOTC with respect to Hurricane Katrina employees hired over the

next two years. Employers located outside of this area could claim the WOTC with respect to Hurricane Katrina employees hired through the end of the 2005 calendar year.

- Allows small employers located in a disaster area that is eligible for individual and public assistance under the Stafford Act to claim a tax credit (40% of the first \$6,000 of wages paid to the employee between August 28, 2005 and January 1, 2006) through the end of the 2005 calendar year, if they retain an eligible employee on their payroll.
- Increases to five years the period in which insurance proceeds would be nontaxable if reinvested in replacement property (in the disaster area). Under current law, insurance proceeds are not taxable if they are invested in replacement property within two years (with respect to damaged business property) or four years (with respect to damaged principal residences in presidentially-declared disaster areas).
- Allows all homebuyers—not just first-time homebuyers—to qualify for mortgage revenue bonds to finance low-interest rate mortgages through 2007.
- Extends the filing and payment deadlines for tax filings (administratively set at January 3, 2006) on excise, employment, income, estate, and gift taxes to February 28, 2006.
- Exempts cash donations to all charities from the 50% individual income limitation and the phase-out of itemized deductions, if the donation is made before January 2006. (Under current law, individuals can deduct charitable donations up to 50% of their adjusted gross income. Such deductions are further limited by the phase-out of itemized deductions.)
- Waives the 10% corporate income limitation for cash donations related to Hurricane Katrina, if the donation is made before January 2006. (Under current law, corporations can deduct charitable donations up to 10% of their taxable income.)
- Increases the mileage reimbursement rate for individuals for charitable donation deductions from 14 cents per mile to approximately 34 cents per mile. (Under current law, individuals can claim a tax deduction for the costs associated with using a personal vehicle for charitable work.)
- Extends the current-law food-inventory-donation deduction for C-Corporations to S-corporations, partnerships, and sole proprietors through the end of the 2005 calendar year.
- Creates a tax deduction through the end of the 2005 calendar year for donations of educational books to public schools.

(H.R. 3768, Public Law 109-73)

- **Coast Guard Provisions.** The House passed a bill which included provisions:
- authorizing an additional \$60 million in FY2005 for the Coast Guard for emergency disaster relief for Hurricane Katrina;
 - providing for reimbursements (subject to appropriations) of federal employees who were connected with Coast Guard stations in Louisiana, Mississippi, or Alabama for 85% of the fair market value of their destroyed residences or 100% of their remaining mortgages (--an owner receiving this reimbursement would have to transfer to the Secretary all right, title, and interest of the owner in the relevant property);
 - directing the Coast Guard, not later than September 15, 2005, and at least once every month thereafter through January 2006, to report to Congress regarding the personnel and assets deployed to assist in the response to Hurricane Katrina and the costs incurred as a result of such response that are in addition to funds already appropriated for the Coast Guard for FY2005;
 - authorizing one-year extensions for licenses, certificates of registry, and Merchant Mariners' documents for residents of Louisiana, Mississippi, or Alabama, or for individuals whose records were destroyed in the Coast Guard facility in New Orleans (regardless of residence);
 - authorizing six-month extensions for inspection certificates for vessels inspected by a Coast Guard Marine Safety Office located in Alabama, Mississippi, or Louisiana; and

--directing the Coast Guard, not later than October 15, 2005, to establish a temporary facility in Baton Rouge, Louisiana, to process applications for new licenses, certificate of registries, and merchant mariners' documents.

(H.R. 889)

- **Flexibility for Displaced Workers.** The President signed into law a bill allowing national emergency grant funds given to states under the Workforce Investment Act (WIA) for Hurricane Katrina relief to be used to provide disaster relief employment on projects that provide assistance in areas outside of the disaster area.

(H.R. 3761, Public Law 109-72)

- **Student Financial Assistance Waiver Authority.** The President signed into law a bill extending for two years (from September 30, 2005 to September 30, 2007) the waiver authority of the Secretary of Education with respect to student financial assistance during a national emergency, so that students do not get financially punished because of the disaster.

(H.R. 2132, Public Law 109-78)

- **Manufacturing Partnerships.** The House passed a bill that included a provision creating a new Katrina Assistance Program under the Manufacturing Extension Partnership program to “provide assistance to impacted small and medium-sized manufacturers in the areas affected by Hurricane Katrina.” This provision would also require that the National Institute of Standards and Technology study the effects of Hurricane Katrina on physical structures to develop new information regarding building codes and standards and to review their adequacy.

(H.R. 250)

- **Immigration Relief.** The House passed a bill providing regulatory relief and extensions on immigrant visas for aliens directly impacted by Hurricane Katrina in various instances.

(H.R. 3827)

- **Head Start.** The House passed a bill including a requirement that the Secretary of Health and Human Services assist Head Start programs in areas affected by Hurricane Katrina. The bill requires the Secretary to provide additional technical assistance, guidance, and resources to Head Start agencies in affected areas, waives documentation requirements through March 31, 2006, and provides the Secretary with waiver authority to exempt programs from providing their local match.

(H.R. 2123)

- **Campus-Based Aid Relief.** The President signed into law a bill providing the Secretary of Education with certain waiver authority regarding state requirements in the Campus-Based Aid programs (in the disaster areas), with respect to funds made available for academic years 2004-2005 and 2005-2006.

(H.R. 3863, Public Law 109-86)

- **Assistance for Individuals with Disabilities.** The President signed into law a bill directing the Commissioner of the Rehabilitation Services Administration to give preference to states affected by Hurricane Katrina and Hurricane Rita, when reallocating funds made available under Title I of the

Rehabilitation Act. Additionally, the bill allows the Commissioner to waive the current non-federal matching requirement with respect to amounts made available to affected states for fiscal year 2005, if the affected state submits to the Commissioner an application requesting the waiver.

(H.R. 3864, Public Law 109-82)

- **FEMA Disaster Loan Transfer**. The President signed into law a bill authorizing the transfer of up to \$750 million (in existing FEMA funds) for direct disaster relief loans.

(S. 1858, Public Law 109-88)

- **Airport Repair**. The President signed into law a bill authorizing the Secretary of Transportation to provide grants-in-aid for emergency repairs to airports damaged by Hurricanes Katrina and Rita. The funds would come from FY05 and FY06 unobligated funds already appropriated to the Airport Improvement Program through the Aviation Trust Fund.

(S. 1786, Public Law 109-87)

- **Housing Program Waivers**. The House passed a bill waiving certain requirements for assistance under the Section 8 housing voucher program.

(H.R. 3894)

- **Rural Housing Assistance**. The House passed a bill providing some waiver authority and otherwise easing certain restrictions related to rural housing assistance programs.

(H.R. 3895)

- **Community Development Grant Flexibility**. The House passed a bill allowing local governments and Indian tribes that were “directly affected” by the hurricanes to spend more than the current-law 25% of their federal community development block grant (CDBG) funds on public services (including employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare, and recreation). The bill would also allow local governments that are in “indirectly affected communities” to spend more than 5% of their CDBG funds for the same types of public services.

(H.R. 3896)

- **Unemployment Assistance**. The President signed into law a bill transferring FY2006 funds from the federal unemployment account in the U.S. Treasury to the Unemployment Trust Fund accounts for Alabama, Louisiana, and Mississippi, as follows: \$15 million for Alabama, \$400 million for Louisiana, and \$85 million for Mississippi, to help pay unemployment benefits. The bill would also authorize any state to use its federal unemployment administrative funds to administer unemployment benefit claims for evacuees from disaster states.

(H.R. 3971, Public Law 109-91)

- **Increased Gasoline Supply**. The House passed a bill encouraging the production of gasoline, with the goal of stabilizing prices through increased and geographically diversified supply. Highlights of the bill include the following:
 - Creates a new federally-directed implementation process for the siting, construction, expansion, and operation of refineries, available to states whose governors request federal assistance.

- Directs the President to designate sites on federal lands, including no less than three closed military installations, that are appropriate for siting a refinery, based on market supply, geographical diversity, and other needs.
- Allows the President to authorize the siting and construction of a refinery for use by the U.S. military (though the refinery operations would be handled—on a lease basis—by the private sector). The petroleum outputs would have to be sold to the U.S. Government at fair market value or below.
- Authorizes the President to temporarily waive federal *or state* controls or prohibitions regarding the use of a fuel or fuel additive, “for the purpose of alleviating an extreme and unusual fuel or fuel additive supply emergency resulting from a natural disaster,” and for not longer than 90 days.
- Requires the EPA to identify a total of six gasoline and diesel fuels for a “Federal Fuels List” aimed at reducing ozone emissions. The current list contains 17 blends, which, according to the Energy & Commerce Committee, make it more likely that excess fuel from one part of the country is unusable in another part of the country that might be experiencing a shortage.
- Creates a rebate program for small refineries. The rebate would have to reflect the actual cost of transporting the crude oil from the point of origin to the refinery and could not exceed \$4.50 per barrel.
- Establishes a new federally-directed implementation process for siting crude and petroleum product pipelines (coordinated by the Federal Energy Regulatory Commission—FERC).
- Authorizes \$2.5 million for the Secretary of Energy to enter into a partnership with interested industry groups to create a multimedia, public education campaign about measures that drivers can take to conserve gasoline.
- Makes it a violation of federal law to price-gouge for gasoline or diesel fuel during a 30-day period and in an area of a major disaster, subject to a civil penalty of not more than \$11,000 per person per day in which a violation occurs.
- Directs the FTC to investigate nationwide gas prices in the aftermath of Hurricane Katrina, with a particular focus on price-gouging by companies with more than \$500 million in gas and petroleum distillates sales in 2004 and with multiple complaints against them.

(H.R. 3893)

- **Affordable Housing Fund.** The House passed a bill that would create an affordable housing fund from the receipts of the government sponsored enterprises for housing (Fannie Mae, Freddie Mac) and included language prioritizing (for two years) applications for assistance from the hurricane disaster areas.

(H.R. 1461)

- **Unfair or Deceptive Trade Practices.** The House passed a bill that would double the existing statutory civil penalty for a violation involving an “unfair or deceptive act or practice” during either a national emergency period or disaster period (as defined by the Stafford Act), or relating to an international disaster (as defined by the Foreign Assistance Act), if the act or practice “exploits popular reaction to the national emergency or major disaster.”

(H.R. 3675)

- **Banks and Credit Unions.** The House passed a bill directing a federal reserve bank to waive or rebate any transaction fee for wire transfer services that otherwise would be imposed on any insured depository institution or insured credit union that, as of August 28, 2005, was headquartered in a qualified disaster area. Additionally, the legislation authorizes federal banking agencies and the

National Credit Union Administration, under certain circumstances, to 1) subtract from its total assets, in calculating compliance with the applicable leverage limit, an amount not exceeding the qualifying amount attributable to insurance proceeds and to 2) refrain from taking any action with respect to any undercapitalized insured depository institution or undercapitalized insured credit union with operations related to the hurricane disaster areas.

(H.R. 3945)

- **Investigation Committee.** The House passed a resolution establishing the Select Bipartisan Committee to Investigate the Preparation for and Response to Hurricane Katrina.

(H.Res. 437)

- **Expressing Condolences.** The House passed a resolution expressing “the condolences of the Nation to the victims of Hurricane Katrina;” commending “the resiliency and courage of the people of the States of Louisiana, Mississippi, and Alabama;” and committing “to provide the necessary resources and to stand by the people of the States of Louisiana, Mississippi, and Alabama in the relief, recovery, and rebuilding efforts.”

(H.Res. 425)

- **Thanking Foreigners.** The House passed a resolution “[expressing] its sincere gratitude to the foreign individuals, organizations, and governments that have offered material assistance and other forms of support to those who have been affected by Hurricane Katrina.”

(H.Res. 428)

- **National Day of Remembrance.** The House passed a resolution supporting the goals and ideals of a national day of prayer and remembrance for the victims of Hurricane Katrina and encouraging all Americans to observe that day.

(H.Con.Res. 240)

- **Encouraging Court Cooperation.** The House passed a bill that included language encouraging each U.S. district court chief judge to “cooperate with requests from State and local authorities whose operations have been significantly disrupted as a result of Hurricane Katrina or Hurricane Rita to provide accommodations in Federal facilities for State and local courts to conduct their proceedings.”

(H.R. 3402)

- **Runaway and Homeless Youth.** The House passed a resolution that included language recognizing that providers of services to runaway and homeless youth are experiencing increased demand for services due to the displacement of youth and families in the aftermath of Hurricanes Katrina and Rita.

(H.Res. 484)

- **Property Takings.** The House passed an amendment to an eminent domain bill (H.R. 4128) expressing a sense of Congress that “any and all precautions shall be taken by the government to avoid the unfair or unreasonable taking of property away from survivors of Hurricane

Katrina who own, were bequeathed, or assigned such property, for economic development purposes or for the private use of others.”

(H.Amdt. 615)

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